



NOVEMBER 2009

We Can't Believe It's That Time Again!

As we write this newsletter, we're gathering those pumpkins and getting ready to wander outside to trick-or-treat! You can't get too much candy! However, year-end will soon arrive, and it will be time to take on that annual task—filing your tax return.

Our first appointments start February 1, 2010 and we'll take requests for appointments starting December 1, 2009. We must have your tax information in our office no later than April 1, 2010 for us to complete your return by the due date of April 15th.

Call early to schedule, but remember—you don't have to schedule an appointment as we have many ways you can provide us with information—

- Complete our now-famous attached one-page organizer and mail it or fax it to us at (310) 379-4523
- Email your information to your tax preparer—all of our staff email addresses are shown on the last page of this newsletter
- Call Gina Stevens, our (friendly) office manager, and ask her for our longer, more detailed organizer which lists last year's data for a good reference. Gina can provide that organizer both on paper or electronically; it's a wonderful tool, but you need to ask for one!



Foreign Bank and Financial Accounts

You may have seen the stories about the IRS, Swiss bank accounts and millions of dollars of unreported income, taxes and penalties and thought it had nothing to do with you. But remember, if you have a financial interest in, or a signature authority over, any financial account in a foreign country and the aggregate value of these accounts exceed \$10,000 at any time during the calendar year, you are required to file an "FBAR" report. An FBAR is a Report of Foreign Bank and Financial Account, and the form number is (easy to remember) TD F 90-22.1. Be sure you let us know if you have such any account or be sure you comply by filing your FBAR for the 2009 tax year!

Year-End Tax Planning Thoughts

Year-end tax planning could be especially productive this year as timely action can nail down a host of tax breaks that won't be around next year unless Congress acts to extend them. Consider —

- Increasing your contribution to your employer-sponsored retirement savings plan like your 401(k) or your 403(b) plan;
- Investing in an IRA, a Roth or a SEP (if you are self-employed);
- Paying state or local property taxes early by making your first quarter 2010 payment in late 2009;
- Carefully timing capital gains and losses;
- Accelerating tax deductions by making all business-related purchases of equipment and supplies by year-end;
- Purchasing energy efficient home improvement items or appliances such as new windows, doors, insulation, or solar energy equipment.



Tuition Tax Credits

With the passage of the American Recovery and Reinvestment Act of 2009, Congress has expanded the existing Hope Tax

Credit (now called the American Opportunity Credit). The expanded terms will apply to tax years 2009 and 2010, allowing the credit to be claimed for four years of postsecondary education, and expanding the income eligibility limits.

Roth Roadmap

2009

- To contribute to a Roth IRA, individuals must have modified adjusted gross income of less than \$120,000. For couples who file joint tax returns, the limit is \$176,000.
- The most you can contribute is reduced for individuals with modified adjusted gross income of at least \$105,000 and \$164,000 for married couples filing jointly.

2010

- The IRS hasn't announced the income limits, but they are expected to be about the same as the 2009 limits.
- Contribution amounts will be indexed to inflation.

Roth IRA Conversions

2009

- Modified adjusted gross income must be \$100,000 or less (for individuals or couples who file joint tax returns).
- No conversions allowed for married couples who file separate returns.

2010 and Beyond

- No income limits.
- Married couples who file separate returns can convert assets, too.

I Got this Email from the IRS...



Rarely a week goes by here at Wayland & Vukadinovich LLP that we don't receive a call, an email, or fax from one of our clients indicating that they have just received an email from the IRS indicating that the client is due a refund or that the client underreported income or that the IRS needs to hear from them urgently!

The IRS does not send unsolicited emails to taxpayers about their tax accounts. Anyone who receives an unsolicited email claiming to come from the IRS should avoid opening any attachments or clicking on any links – stay away from those emails!

And How about this Letter from the IRS...

Every year, the IRS sends millions of letters and notices to taxpayers. Many taxpayers will receive this correspondence during the late summer and fall. Here are eight things every taxpayer should know about IRS notices—just in case one shows up in your mailbox.

1. Don't panic. Many of these letters can be dealt with simply and painlessly.
2. There are number of reasons the IRS sends notices to taxpayers. The notice my request payment of taxes, notify you of a change to your account or request additional information. The notice you receive normally covers a very specific issue about your account or tax return.
3. Each letter and notice offers specific instructions on what you are asked to do to satisfy the inquiry.
4. If you receive a correction notice, you should review the correspondence and compare it with the information on your return.
5. If you agree with the correction to your account, usually no reply is necessary unless a payment is due.
6. If you do not agree with the correction the IRS made, contact us here at Wayland & Vukadinovich and we'll be happy to see if we can assist in writing a letter of protest. Be sure to have available any documents and information you wish the IRS to consider.
7. Most correspondence can be handled without calling or visiting an IRS office. However, if you have questions, call the telephone number in the upper right-hand corner of the notice. Have a copy of your tax return and the correspondence available when you call to help them respond to your inquiry.
8. It's important that you keep copies of any correspondence with your records.

Homebuyer Credit Extended and Liberalized

The Act extends the homebuyer credit and liberalizes it by making it available to (1) higher-income taxpayers and (2) to existing homeowners who are qualifying "long-time residents" and who buy another principal residence. However, for the first time there will be a dollar cap on residences qualifying for the credit.

Under the Act, the credit is extended to apply to a principal residence purchased by the taxpayer before May 1, 2010. The credit also applies to the purchase of a principal residence before July 1, 2010 by any taxpayer who enters into a written binding contract before May 1, 2010, to close on the purchase of a principal residence before July 1, 2010.

For purchases after the enactment date, the homebuyer credit phases out for individual taxpayers with modified adjusted gross income (AGI) between \$125,000 and \$145,000 (\$225,000 and \$245,000 for joint filers) for the year of purchase.

The credit is available for existing homebuyers who are "long-time residents." For purchases after the enactment date, any individual (and, if married, the individual's spouse) who has maintained the same principal residence for any 5-consecutive year period during the 8-year period ending on the date of the purchase of a subsequent principal residence. The maximum allowable credit for such taxpayers is \$6,500 (\$3,250 for a married individual filing separately).

For purchases after the enactment date, the credit cannot be claimed for buying a residence if its purchase price exceeds \$800,000.00

Contact Us



Visit Our Website: www.wvcpas.com

Remember, you can find lots of information on our W&V webpage. Visit us at www.wvcpas.com for useful links, copies of past newsletters, Internal Revenue Service and Franchise Tax Board forms and other information that might assist

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